



# PACIFIC FOREST TRUST

Private Forests. Public Treasures.

June 4, 2015

Chairman Mary Nichols  
Members of the Board  
California Air Resources Board  
California Environmental Protection Agency  
1001 "I" Street  
P.O. Box 2815  
Sacramento, CA 95812

**Re: Oppose Adoption of Certain Sections of the Regulatory Review Update of the Compliance Offset Protocol for U.S. Forest Projects**

Dear Chairman Nichols and Members of the Board:

The Pacific Forest Trust ("PFT") appreciates the opportunity to comment on the pending 15-day draft of the Regulatory Review Update of the Compliance Offset Protocol for U.S. Forest Projects ("Forest Protocol").

As part of ARB's Cap and Trade Program, Compliance Offsets play a critical role in reducing emissions in non-capped sectors while providing compliance flexibility and cost containment for regulated entities. The Forest Protocol has been very successful so far, building off wide use and testing as a voluntary mechanism. The Forest Protocol not only generates real, additional, quantifiable and durable offset credits; it assures the conservation and sustainable management of forests to very high standards for wildlife habitat, watershed values and sustainable rural communities. Its beneficial environmental impact is not limited to California but increasingly across the U.S., often where there are few if any forest practice regulations constraining timber harvest or forest conversion. The Forest Protocol is a model for the rest of the country and the world, demonstrating how to harness the biological power of forest carbon sequestration in an approach that is both rigorous and practical.

We recognize the considerable investment of ARB staff in managing the demands of the growing Compliance Offset Program and in preparing the proposed set of amendments to the Forest Protocol. We are grateful for their sincere efforts to ensure the integrity of the resulting offsets issued.

Unfortunately, the amendments presented in the current 15-day draft of this Regulatory Review Update are not yet ready to adopt. Their inclusion will not enhance the stringency or environmental value of the Forest Protocol as written; instead these changes will add confusion, uncertainty, and unnecessarily burdensome process for ARB staff and program participants. In addition, some changes create needless barriers to the important conservation of carbon rich forests that remain on the landscape. The Forest Protocol so far has played an important role in conservation of older forests with higher carbon stocks and already has stringent terms to prevent the crediting of non-additional stores.

For instance, changes to the establishment of the minimum baseline level for Improved Forest Management projects in Chapter 5.2.1(d)(1) will prevent the appropriate inclusion of forests with above average carbon stocks from being conserved, leaving them available for business-as-usual timber harvest. It was and is the intent of the Forest Protocol to protect these carbon rich forest stands, which, if logged or converted would lead to significant emissions as well as loss of important co-benefits, including habitat for rare and threatened species.

The changes to the Common Practice values included in Appendix F(d) will also hinder the conservation of carbon rich forests. The new FIA data set from which the values have been derived is from an anomalous period of low timber harvest due to the Great Recession, yielding a notably higher Common Practice value for many assessment areas. In fact, the proposed update would only be representative of a condition that is already changing back to business as usual, where higher stocks on the ground are being logged with the revival of the housing market. Therefore, by instituting the new values for the baseline, the reference point for Common Practice is not an accurate metric.

By instituting the proposed changes to the CP value, owners of forests with greater carbon stores may no longer have an incentive to conserve them by being able to generate offsets. Rather, it is more likely these owners will avail themselves of the log market instead.

The current problematic amendment highlights the lack of clear process for updating the Common Practice values, which is not defined in regulation. There is no direction as to how and when to make reasonable updates, nor even a methodology to address what time series to include using what statistical approach in order to keep the value representative of what Common Practice actually is and to prevent widely varying fluctuations in the value from period to period. We urge the ARB to establish an explicit policy and process for Common Practice value updates.

Projects developed under the Forest Protocol take years to implement and generate offsets, with considerable investment in advance by project owners and developers. Landowners are preparing to make a 100 year commitment. Material changes to the Forest Protocol such as proposed need to be undertaken with greater care and consideration to ensure that its goals continue to be met and projects can be feasibly developed.

The process for development of the current proposed amendments has also been inefficient for all concerned and has not adequately engaged technical expertise available from the stakeholders and elsewhere. It is not a good model for the future. The creation of a technical work group would help ARB staff now and in the future to continue refinements to the Forest Protocol.

**Therefore, we ask ARB to remove from current consideration three portions of the proposed update, and associated definitions, to allow further refinement of the language by a technical work group that the Board should direct staff to convene so as to better address the complex technical issues involved and ensure that there are not unintended environmental consequences.**

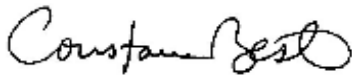
1. Modified Even-aged Management requirements – Chapter 3.1(a)(4)(A-E)
2. Modified Minimum Baseline Level determination process for IFM projects with initial stocking above common practice – Chapter 5.2.1
3. Modified Common Practice figures and the associated shift in “high” vs “low” site class delineation - Assessment Area Data File associated with the Regulatory Review Update of the Forest Protocol and Appendix F(d)

**Further, PFT strongly urges ARB to create a clear and explicit process for updating the Forest Protocol, including the Common Practice values, on a regular basis with the assistance of a standing technical work group.**

At the same time, we do strongly support the proposed 15-day modifications to Sub-Chapter 10, Article 5, sections 95802, 95973, 95975, 95976, 95981, and 95985, including but not limited to inclusion of Alaska into the Forest Protocol, clarification of the treatment of Early Action reforestation projects, and acceptance of the Compliance Offset Protocol for Rice Cultivation. We see no reason to delay these changes.

We commend ARB for its work on behalf of all Californians to achieve the goals of AB32 and reduce dangerous levels of greenhouse gases. We look forward to continuing to work with you to ensure that the forest sector is a resilient source of emissions reductions.

Very truly yours,



Constance Best  
Co-CEO

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